

- FY2010 Significant Events
  - Staffing
    - 8 members – full staff
  - IT Audit
    - 4 projects
  - Budget Reduction
    - 4% reduction – impact minimized
  - Ethics Tipline
    - Activated in October 2009
- Impact of Events
  - Audit Plan Completion
    - Calendar Year 2009 Annual Report
      - 10% Increase in Number of Projects
    - Delays
      - Management Capacity
        - New hires = training
      - No Postponements Planned
        - Compared to last report of 25% postponed
  - Audit Coverage
    - Critical Areas covered
    - Gaps - decrease
    - New and Emerging Risks – respond quicker
- FY2010 Audit Plan Update
  - Risk-based
  - Committee Input
  - Issued July 2009
- Core Services
  - Assurance – 34 projects

- Capital Projects - 3 projects
  - Compliance – 5 projects
  - Expenditures – 5 projects
  - Operational – 16 projects
  - Revenue – 5 projects
- Consulting
  - Advice and Information
  - Committees
  - Consultation
  - Education/Training
  - Special Requests
- Information Technology
  - IT Technical
  - External Auditor review
    - Reviewed areas not traditionally covered by Internal Audit so as to not duplicate the scope covered
- Integrity
  - Fraud Detection Best Practices
  - Special Investigations
- Audit Plan Status
  - Total of 74 projects
    - 23 complete
    - 35 ongoing
    - 16 not started
- Challenges
  - Capacity
    - Service Delivery
    - Staffing – retention of talent
  - New and Emerging Risks
    - Ethics Tipline
    - American Recovery and Reinvestment Act
      - Expectations still being coordinated
    - Succession
  - Action Plan
    - Audit Cycle Time – attempt to increase number of projects
    - Technology
      - Automated Workpapers – not sure if currently cost effective
      - Laptops – having better mobility to stay in the field
    - Staffing
      - Audit Coordinator Position – creating a career path
      - Staff Retention Initiatives
    - Coordination of Efforts with Partners
      - External
      - Internal
    - Fiscal Year 2011 Budget Process
      - Areas for Audit Coverage
        - Concerns
        - Issues
        - Performance Audits
      - Fiscal Year 2011 Risk Assessment

General concerns were raised on the following items:

- A typical nationwide cycle is a 10-year cycle with existing resources
  - would like to see about a 4-year cycle

- Grant testing was not part of the Internal Audit
  - Was done by the External Auditors
- Internal Audit to return to a future committee meeting to review the current State Auditor Report

2-

## ETHICS TIPLINE REPORT

The following was discussed in regards to the Ethics Tipline Update:

- Overview
  - Third Party Provider – The Network
    - Call Center staffed 24/7
    - Internet Reporting
    - No determination of merit – calls are not screened
  - Reporting Options
    - (888) 226-2264
    - [www.louisvilleky.gov/internalaudit/](http://www.louisvilleky.gov/internalaudit/)
    - [www.reportlineweb.com/Louisville](http://www.reportlineweb.com/Louisville)
  - Live Since October 1, 2009
- Process Flowchart
  - Report received by the Network
    - Incident Code Determines Routing – 24 available codes
  - Routed to
    - Human Resources
    - Police Department/Special Investigations
    - Internal Audit
  - Actionable – Yes or No
    - Investigation performed if yes
  - Results Recorded in Case Management System
    - Closed Incident Report
    - Monthly Activity Report
- Activity – October 1, 2009 to February 28, 2010
  - Calls – 144
  - Incident Reports – 74
  - Closed Reports – 55
  - Open Reports – 19
- Monthly activity - trend setting stages
- Origin of Report
  - Internet – 38%
  - Phone Call – 62%
- Anonymity
  - Identified – 16%
  - Anonymous – 84%
- Incident Type – top three
  - Theft of Time
  - Policy Issues
  - Conflicts of Interest
- Case Manager Department
  - Human Resources – 85%
  - Police - 11%
  - Internal Audit – 4%
- Outcomes
  - No Corrective Action Taken – 49%
  - No Investigation Necessary – 42%

- Corrective Action Taken – 9%
- Monthly Reports
  - Cover Memo
  - The Network's Executive Summary
  - Activity Report
    - Closed Reports
    - Open Reports
  - Sent out around the 10<sup>th</sup> of the month
  - Distribution List
    - Louisville Metro
      - Mayor
      - Council
      - Ethics Commission
      - Human Relations Commission
      - Human Resources
      - Police
    - Public
      - Website

The committee concluded discussion by requesting Mr. Norman and Administrative partners to return in about 6 months with another report on the Ethics Tipline.

Without objection the Meeting adjourned at 5:10 P.M.  
KLP